

PURCHASE AGREEMENT
for
LAND BANKING PUBLIC AUCTION SALE NO. 372
85.2 Acres, SW Quarter, Section 36, 29 North, 22 West,
Kalispell, Mont. – Flathead County

As highest and best bidder for **TOWNSHIP 29 NORTH, RANGE 22 WEST, PMM, SECTION 36, SW QUARTER, FLATHEAD COUNTY, MONTANA, 85.2 ACRES, MORE OR LESS**, the purchasing signatory indicated below (hereafter referred to as “Purchaser”) and the Department of Natural Resources and Conservation, (hereafter referred to as “Seller,” a.k.a. "State") in consideration for the sale and purchase of the above described land in order to provide for the payment of the purchase price and the transfer of property hereby understand and agree that, if the Board of Land Commissioners approves the sale:

- 1) Purchaser shall pay any balance owed on the purchase price, after the application of the bid deposit and attributable accrued interest, in accordance with Montana Code Annotated § 77-2-329. Receipt by the Seller of the full balance owed constitutes the effective date of sale. If payment is not made in accordance with Montana Code Annotated § 77-2-329, Purchaser forfeits \$50,000.00 of their bid deposit, which is being held by the Seller.
- 2) Purchaser shall be entitled to possession of the property following the effective date of sale unless through written agreement otherwise.
- 3) Upon close, Purchaser will pay \$50,000.00 to cover Seller's administrative costs related to this sale.
- 4) Purchaser shall be responsible for making any and all payments to Flathead County for taxes and/or assessments, if any, levied against the property for the tax year 2006. The Seller shall forward to Purchaser a check or warrant in the amount of that portion of the taxes and/or assessments that is attributable to the property before the effective date of sale. The check or warrant shall be made payable to the Purchaser and Flathead County.
- 5) Development Activities:
 - (a) Development Obligations:
 - i) Upon sale, the Purchaser will adhere to the Design Principles described below. The Seller shall have no direct or indirect financial obligation or liability under this Sale. No financial guarantee or obligation is made by the Seller. The Purchaser shall be responsible for all costs and processes associated with preparation of subdivision applications and compliance with related conditions of approval.
 - ii) The Purchaser is solely responsible for all costs to be incurred in the design, development, construction, operation and maintenance of all improvements upon the tract. The Seller will not be held liable for any costs incurred by the Purchaser or any applicant in the preparation of any proposal, negotiation, or procurement for financing of any portion of the Proposal.

- iii) The Purchaser is solely responsible for all design, installation, and costs (including SID obligations) for extending any and all utilities (water, sewer, electricity, phone, natural gas, etc) roads, and highway approaches to serve the proposed development. This shall include Purchaser obligation to be responsible for and pay all costs associated with hook-up fees and usage of utilities associated with the use of the property. The Purchaser shall install all infrastructure improvements in accordance to the design standards of the individual service purveyor and the city of Kalispell, as appropriate.
- iv) The Seller will not pay any real estate broker fees associated with this project.
- v) The Purchaser is responsible for obtaining all necessary licenses or permits required by any governmental authority.

(b) Design Principles:

- i) Diversity of housing types - The uses must be consistent with the list of uses permitted by the Planned Unit Development for the Mixed Residential Pod. Residential development shall be at urban densities and shall include a variety of housing types including multi-family and single family structures. Residential development shall additionally seek to complement the projected density of future development on neighboring properties in order to create a transition from one development to those neighboring it. This could include high density multi-family developments on the southern edge of the property and other higher-density housing on the northeastern edge of the property to correspond with a potential multi-story mixed use node in the area of the southeast corner of the northwest quarter of Section 36, and other proposed mixed-use commercial development in the northeast quarter of Section 36.
- ii) Mobility options - The development shall include sidewalks and bicycle paths that provide access throughout the development and shall additionally provide for a pedestrian and bicycle path connecting the high school to the ballfield complex (southeast quarter of Section 36) and the Waterford development on the southern edge of the property to the mixed-use commercial development proposed for the northeast quarter of Section 36. The development shall include boulevard strips and street trees to connect the green spaces in the park to landscaped areas on the hillside, throughout the development, and the high school.
- iii) Connectivity - The development shall include multiple points of access throughout for all means of travel, including aligning internal streets with existing and anticipated or proposed future streets on neighboring properties to create a neighborhood street network, and shall at a minimum provide an interconnection between residential development on the property and the proposed mixed-use commercial development in the northeast quarter of Section 36 and connections to Highway 93, Four Mile Drive, and Stillwater road. Landscaping shall also be utilized to provide connectivity of design between housing clusters and development types.
- iv) Design Standards - Designs within the development shall define the spatial relationships of land uses, landscape and building design in a manner that fosters a sense of place and enhances the day to day vibrancy of living and working in a community. Designs shall allow for a transition to a multi-story mixed-use node that

would be developed on the state land parcel in the area in and around the southwest quarter of the northeast quarter of Section 36. At the discretion and approval of the city of Kalispell, the Purchaser shall either develop park land on the property or provide payment in lieu of park land dedication consistent with the Montana Subdivision and Platting Act. Building orientation and design shall consider maintaining views towards Big Mountain, Glacier National Park, and the ballfield complex. The development shall implement a perimeter landscaping plan, including a planting, irrigation, sound proofing, and maintenance plan for that portion of the Highway 93 By-Pass lying outside the paved portion of the right-of-way.

- v) Equitable financing of development - Infrastructure and civic purposes.
The development shall use impact fees, voluntary contributions, improvement districts and/or other financing mechanisms to ensure that the cost of infrastructure for new development is paid by that development. A preliminary design of the backbone infrastructure requirements and associated costs are included in the bid package.
 - vi) Existing planning documents - The development shall comply with the development standards contained in the Real Estate Management Bureau Record of Decision for Urban Growth Area developments and with the provisions of the Section 36 Planned Unit Development Agreement.
- 6) This agreement constitutes the entire agreement between the parties and no representations, statements, or promises, whether oral or written, made by either party or their agent, shall be binding or valid unless it is contained within this written agreement and signed by both parties.
 - 7) The Purchaser hereby verifies that it has read and understands the provisions of this agreement.
 - 8) The Purchaser hereby agrees to indemnify, defend with counsel acceptable to the State, and hold harmless the State of Montana, the State Board of Land Commissioners, the Montana Department of Natural Resources and Conservation, and their officers, agents, employees, and representatives from and against all claims and liabilities arising out of the design, placement, construction, inspection, public use, operation, and maintenance of the Development Activities, including all repairs, restoration and rebuilding made at any time thereafter. This indemnification shall extend to all actions, administrative proceedings, judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest, or losses, sums paid in settlement of claims, attorney's fees, consultant fees, expert witness fees, as well as any fees, costs, or expenses incurred by the Seller in enforcing this indemnity.
 - 9) Upon the grant of a Deed or Patent to the above-described property to the Purchaser, and its successors, and assigns, shall have exclusive control and possession of the above-described Property, and the Seller shall have no liabilities, obligations or responsibilities whatsoever with respect thereto or with respect to any plans or specifications submitted to the state or any other Governmental Authority. The Seller is not the agent of the Purchaser.

DATED this ____ day of _____, 2006.

BY: _____

**MONTANA DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION**

BY: _____
Mary Sexton, Director

STATE OF MONTANA)
 : ss
County of Lewis and Clark)

Acknowledged before me by Mary Sexton as the Director of DNRC this ____ day of _____, 2006

Notary Public for the State of Montana
Residing at _____
My Commission Expires _____